

Sida Contribution No: 55030037
E-doc No: 2012-000424

AGREEMENT BETWEEN SIDA AND SOROS FOUNDATION MOLDOVA ON SUPPORT OF PROJECT DURING MAY 2012 TO DECEMBER 2014

THE PARTIES

The parties to this Agreement are the Swedish International Development Cooperation Agency (Sida) and Soros Foundation Moldova.

A The Swedish International Development Cooperation Agency, Sida

Address: Valhallavägen 199, 105 25 Stockholm
Dept/Unit: Unit for Eastern Europe
Responsible Officer: Ann-Charlotte Zackrisson
Telephone: + 46 (8) 698 50 48
E-mail: ann-charlotte.zackrisson@gmail.com

B Soros Foundation Moldova

Address: 32 Bulgară Street, Chişinău, MD 2001, Republic of Moldova
Contact person: Varvara Colibaba
Telephone: +373 22 270215; cell: +373 69127451
E-mail: vcolibaba@soros.md

ARTICLE 1 SCOPE AND OBJECTIVES OF THE AGREEMENT

Soros Foundation Moldova intends to carry out a project known as *Boosting the Democratic Process in Moldova through Empowerment and Engagement* in accordance with project document dated May 2012 and the attached budget, Annex 1.

The objectives of the project are:

1. *People in rural communities are empowered to efficiently handle legal issues at local level with the assistance of paralegals*
2. *Legal empowerment through the network of paralegals is integrated into the governmental policies and CSOs agendas*
3. *Young women from rural areas are able to influence the local democratic processes*
4. *Women leaders from rural areas learn to communicate within a network and promote advancement of women in local leadership*
5. *A stronger pluralistic, diverse and sustainable regional media sector in Moldova*

6. Breaking the informational isolation of the Transnistrian population through a strong engagement of the media from both banks of the Nistru River

To make the objectives operational Soros Foundation Moldova has developed a Results Assessment Framework (RAF) in the project proposal for measuring the results in its implementation of the project. The RAF and/or its revisions, form an integral part of this Agreement. All substantial revisions of the RAF shall be agreed during Review Meetings and documented in Agreed Minutes in accordance with Article 8.

ARTICLE 2 THE CONTRIBUTION

Sida shall, subject to parliamentary appropriation of funds, make available an amount not exceeding Eleven million eighth hundred and twenty thousand Swedish Kronor (SEK 11 820 000) for the implementation of the project.

ARTICLE 3 UNDERTAKINGS BY SIDA

As a financier, Sida shall not bear any responsibility towards any third party with regard to the implementation of the project. Sida shall monitor the compliance of this Agreement with particular focus on the results achieved in. The progress of the project will be measured against the results framework.

ARTICLE 4 UNDERTAKINGS BY Soros Foundation Moldova

Soros Foundation Moldova undertakes

1. to plan, implement and monitor the project,
2. to provide the necessary professional and administrative support, personnel services and any other resources required for a successful implementation of the project,
3. to ensure that administration capacity and internal control systems of project resources are adequate, and to implement the measures set out in the management response.

ARTICLE 5 CONDITIONS FOR THE USE OF THE CONTRIBUTION

The contribution may only be used for the implementation of the project as specified in the project description Boosting the Democratic Process in Moldova through Empowerment and Engagement dated 8 May 2012 and the attached budget.

Only costs for activities carried out during the period from May 2012 to December 2014 may be financed from the contribution (activity period). After a period of six months from the latter date, no contribution under this Agreement shall be payable.

Soros Foundation Moldova may pay costs incurred within activity period up to three months after the activity period ends. Funds not utilized shall be repaid to Sida within three months of that date, in accordance with Article 12.

The first disbursement is made upon signature of the agreement. The second disbursement is conditioned on implementation of the action plan/management response to the system based audit from 2011. One important action is the development of a solid anti-fraud/corruption policy/strategy that will guide the foundations work both internally and in relation to the re-grantees. Subsequent disbursement will also be conditioned on implementation of the management response to the system based audit and the annual audits.

Should circumstances arise that call the feasibility or validity of the project into question or cause Soros Foundation Moldova to make major changes in its objectives, or if Soros Foundation Moldova decides to make any substantial deviation from the plan presented, Soros Foundation Moldova must obtain Sida's written approval before continuing the project before implementing such changes.

Sida may decide to withhold the disbursement, wholly or in part, if substantial deviations from the agreed plan, budget or RAF occur, reports are not delivered as agreed, or circumstances are otherwise revealed which makes the project develop unfavourably in any other important respect. Before taking such a decision, Sida shall initiate discussions with Soros Foundation Moldova.

When reports, studies and other information are produced, Sida's cooperation as financier shall be indicated. Sida's name may not be used in such a way that Sida can be regarded as having contributed to or vouching for the content. Sida shall, at its sole discretion, have the right to copy and distribute information and educational material that Soros Foundation Moldova has produced under this Agreement.

If the conditions set out in this article are not fulfilled or fully complied with, Sida may reclaim funds disbursed, wholly or in part, from Soros Foundation Moldova.

ARTICLE 6 PROCUREMENT

Procurement shall be in accordance with the procurement principles on non-discrimination, equal treatment, transparency (openness and predictability), proportionality and mutual recognition.

Soros Foundation Moldova's written Procurement Regulation, Annex 3, as presented to Sida together with this Agreement shall apply to the procurement of goods, works and services carried out by Soros Foundation Moldova.

Sida may carry out checks on procurements. The check may take the form of a procurement audit. Soros Foundation Moldova shall provide Sida with all the necessary documentation.

At the request of either of the parties, consultations shall be held on any matter relating to procurement.

ARTICLE 7 ENVIRONMENTAL IMPACT

The project is not assessed to have any significant impact on the environment. Soros Foundation Moldova shall anyhow undertake steps and measure to minimize any negative impact on the environment during project implementation.

ARTICLE 8 PLANNING, REVIEW, REPORTING AND EVALUATION

An **Annual Review Meeting** shall be held no later than June every year. During Review Meetings the Parties shall assess the performance of the project in relation to the RAF and initiate policy dialogue. **Agreed Minutes** shall be prepared and signed before the Review Meeting is closed.

A draft **Annual Results Progress Report** shall be presented to Sida before the Annual Review Meeting and no later than 15 March 2013 and 2014. The report shall summarize obtained and expected results in relation to the RAF, and contain an assessment of the results and analysis of any deviation from the RAF, as well follow up on management response in relation to annual audits and the system based audit from 2011. The report shall include an updated risk assessment. The Annual Review Meeting may decide that this report shall be revised, in which case a date for the provision of the final report shall be stated in the Agreed Minutes.

An **Annual Financial Report** according to Sida's instruction for reporting, Annex 4, shall be submitted to Sida no later than 15 March 2013 and 2014. Intermediate financial reporting routines shall be agreed between the Parties taking into account that approved financial and results progress reports are a prerequisite for disbursements dealt with in Article 9.

A **Completion Report** (including Results Progress and Financial Reports) shall be submitted to Sida in draft no later than 30 March 2015. A **Final Review Meeting shall be held no later than June 2015**. The report shall summarize obtained and expected results in relation to the RAF, and contain an analysis of any deviation there from. After joint consideration of the draft, the report shall be amended and finalised and submitted to Sida

within 45 days of the Final Review meeting. If the Final Review Meeting is for some reason not to be held, the Final Completion Report shall be submitted within 45 days of receiving comments.

Soros Foundation Moldova shall in addition to the annual results reports furnish Sida short **semi-annual progress** report summarizing the main results and risk accompanied by a financial report verifying the use of disbursed funds. The reports shall cover January to June each year. The semi-annual report shall be submitted by 30 August 2013 and 2014.

No semi-annual report is expected for 2012. But Soros foundation shall in accordance with the conditions set out in article 5 furnish Sida with a follow up on the management response to the audits carried out during 2011, and an interim financial report before the second disbursement can be made, and latest by 31 October 2012.

Soros Foundation Moldova shall promptly inform Sida if reports and plans cannot be submitted as agreed. Annual Review Meetings will not be held and new funds will not be disbursed until the required documents have been received.

Irrespective of agreed reporting routines, the parties shall promptly inform each other if a situation arises that makes it likely that the [project/ programme] will not be carried out as agreed.

Soros Foundation Moldova shall provide Sida with any other information regarding the project that Sida may reasonably request and shall enable Sida representatives to visit project locations and inspect property, goods, records and documents. Soros Foundation Moldova shall retain all records for 10 years from the last disbursement by Sida. Soros Foundation Moldova shall co-operate with and assist Sida in the performance of follow-ups and evaluations of the impact of the project. The obligations of Soros Foundation Moldova in this respect shall apply also to previously agreed support provided by Sida to the project.

Sida and Soros foundation Moldova shall during the annual review meeting discuss and agree on needs and benefits of evaluations of the project. During the annual review meeting the internal control system and management structure within the organisation will be followed up. Sida may pending the assessment of the implementation of the management responses and subsequent audits findings require that a follow-up audit is made.

ARTICLE 9 DISBURSEMENT

Provided that there is a need for funds the contribution shall be disbursed as follows:

- SEK 1 800 000 shall be available for disbursement upon signature of the Agreement and request for payment by Soros Foundation Moldova,
- SEK 1 800 000 shall be made available for disbursement on 15 September 2012 and upon request for payment by Soros Foundation Moldova.
- SEK 2 600 000 shall be made available for disbursement on 30 March 2013 and upon request for payment by Soros Foundation Moldova.
- SEK 2 600 000 shall be made available for disbursement on 15 September 2013 and upon request for payment by Soros Foundation Moldova.
- SEK 2 020 000 shall be made available for disbursement on 30 March 2014 and upon request for payment by Soros Foundation Moldova.
- SEK 1 000 000 shall be made available for disbursement on 15 September 2014 and upon request for payment by Soros Foundation Moldova.

A prerequisite for disbursement is that the requirements in Article 5 be fulfilled, that progress and financial reporting as provided for by Article 8 and audits as provided for by Article 10 be submitted by Soros Foundation Moldova and approved by Sida. Each disbursement request must include or refer to a financial report on the use of all previously disbursed contributions. No disbursement can be made until Sida has approved the request.

Disbursements of contributions shall only be made against a disbursement request in original from Soros Foundation Moldova. The persons authorized to sign the disbursement request on behalf of Soros Foundation Moldova are the Director or his/her nominated representative. Soros Foundation Moldova shall inform Sida of any new nomination.

The disbursement request shall contain the following information and the disbursement shall be made accordingly:

- the word "disbursement request" in the heading,
- the Sida Contribution No.,
- the name of the project,
- the requested amount in SEK,
- the recipient's bank, bank address, account number/IBAN No, account-holder, clearing number/sort code, SWIFT-code and currency of the account, and

- financial report on use of previous disbursements or reference to such report.

The disbursement request shall be signed and addressed to the Responsible Officer at Sida.

Soros Foundation Moldova shall make available an interest bearing bank account for the contribution.

ARTICLE 10 AUDIT

The Soros Foundation Moldova is responsible for that the project is audited annually. The audit shall be carried out by an external, independent and qualified auditor. The audit shall be carried out in accordance with international standards issued by International Organisation of Supreme Audit Institutions (INTOSAI) or International Federation of Accountants (IFAC).

Sida's standard **Terms of Reference** for annual financial audit shall be used, Annex 5. Any deviations shall be approved by Sida. The cost for the audit shall be paid by Soros Foundation Moldova and shall be a part of the project budget. The selection of auditor shall be approved by Sida.

The **Auditor's report** shall express an opinion whether the submitted annual financial report is in accordance with Soros Foundation Moldova's accounting records and Sida's instructions for reporting according to ISA 800/805. The auditor shall also express an opinion on other questions if requested in the terms of reference.

The auditor shall submit a **Management Letter/Audit Memorandum**, which shall contain the audit findings made during the audit process and shall also state which measures have been taken as a result of previous audit and whether measures taken have been adequate to deal with reported shortcomings.

Soros Foundation Moldova shall present the auditor's reporting to Sida no later than 30 March 2013, 2014 and 31 May 2015. A **Management response** including an **Action plan** shall be produced by the Soros Foundation Moldova and submitted to Sida within three weeks after the management letter was received by the organisation.

Soros Foundation Moldova shall co-operate with and assist Sida in the performance of any additional audits, follow-ups and financial studies that Sida may request.

For financial funds channelled to a recipient organisation Soros Foundation Moldova is responsible for that annual audits are performed according to the above stated requirements. Sida shall have the right to receive these audit reports upon request. For grants up to USD 40,500

Soros Foundation Moldova may instead of demanding an audit report receive copies of all documentation related to expenditures under the grant. Soros Foundation Moldova shall have a satisfactory routine to handle the control of these copies. It shall be included in the ToR for the annual audit of Soros Foundation Moldova that the auditor shall review Soros Foundation Moldova 's internal control system regarding this routine.

ARTICLE 11 ANTI-CORRUPTION

Sida and Soros Foundation Moldova will co-operate to prevent fraud and counteract corruption during implementation of the project.

Soros Foundation Moldova shall work actively to prevent corruption, illegal or improper handling or other form of misuse of Funds. When planning and implementing the project, Soros Foundation Moldova shall take into account the risk of corruption and identify key problems risks and risk mitigation measures. If a significant risk of corruption is identified, risk mitigating measures shall be adopted to reduce that identified risk. Soros Foundation Moldova shall require its own staff, organisations to which Funds have been forwarded and their staff, consultants, suppliers or others participating in the project funded by Sida, to refrain from receiving, to be promised a bribe or any other improper enrichment or benefit.

Soros Foundation Moldova undertakes to investigate the presence of corruption, identify and take action, including legal actions, against persons who there is reason to suspect for corruption or other improper enrichment. Soros Foundation Moldova shall immediately inform Sida about suspected corrupt behaviour. Soros Foundation Moldova shall continuously thereafter consult with Sida on the further handling of the matter. Soros Foundation Moldova shall immediately initiate action to stop the corrupt behaviour, investigate and if appropriate take action to prosecute and / or apply other sanctions in accordance with applicable law against any person suspected of misuse of resources, fraud or corruption in connection with the project implementation. When the matter has been concluded, Soros Foundation Moldova shall submit a final report regarding the suspected corruption to Sida.

ARTICLE 12 REFUND OF INTEREST INCOME AND/OR UNSPENT BALANCES

The financial reporting shall include information on interest income and/or unspent balances. Interest income shall be refunded to Sida by Soros Foundation Moldova within 6 months of expiry of the activity period.

For the refund to Sida of interest income and/or unspent balances the bank instructions are as follows:

Account number: 15634-9
Account holder: Swedish International Development Cooperation Agency (Sida)
Bank: Nordea Bank Sverige AB (publ)
Bank address: S-105 06 Stockholm, Sweden
IBAN No.: SE91 9500 0099 6034 0015 6349
Swift/Bic address: NDEASESS

Transfers can be made to the account via Swift in any currency.

In the notice to Sida, reference shall be made to the Sida contribution ID. The information shall also specify interest income and unspent balances.

ARTICLE 13 ARBITRATION AND APPLICABLE LAW

Any dispute, controversy or claim arising out of or in connection with this Agreement that cannot be settled amicably shall be definitively resolved by arbitration in accordance with the Rules of the Arbitration Institute of the Stockholm Chamber of Commerce.

A single arbitrator shall be appointed. The place of arbitration shall be Stockholm and the language used in the proceedings shall be English.

This agreement shall be governed by the substantive law of Sweden without regard to its conflict of law rules.

ARTICLE 14 TERMINATION

This Agreement shall remain valid until 30 September 2015 unless terminated earlier by six months' written notice by either Party. In case of serious breach of the Agreement, Sida may terminate the Agreement with immediate effect.

In the event of termination by Sida the termination shall not apply to funds irrevocably committed in good faith by Soros Foundation Moldova to third parties before the date of the notice of termination, provided that the commitments were made in accordance with this Agreement.

In the event of termination by Soros Foundation Moldova, no funds shall be made available for activities after the expiry of this Agreement.

ARTICLE 15 EFFECTIVE DATE

This Agreement shall become effective on 25 May 2012.

Two originals of this Agreement have been signed, of which the parties have taken one each.

Chisinau, June 1st, 2012
 Place and date

For the Swedish International
 Development Cooperation
 Agency (Sida)

Ingrid Tersman
 Signature
 Ingrid Tersman, Ambassador
 Name and title in block letters

Chisinau, June 1st, 2012
 Place and date

For Soros Foundation-Moldova

Victor Ursu
 Signature
 Victor Ursu, Executive Director
 Name and title in block letters

ENCLOSURES:

- Annex 1: Project proposal dated May 2012 with RAF integrated
- Annex 2: Budget
- Annex 3: Soros Foundation Moldova's Procurement Regulation
- Annex 4: Instructions for reporting
- Annex 5: Standard Terms of Reference for annual financial audit